

Assembly Bill No. 1626

CHAPTER 723

An act to add Section 17142.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 21, 1996. Filed
with Secretary of State September 23, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1626, Alpert. Personal income taxes: military income: exclusion.

The Personal Income Tax Law specifically excludes certain items from gross income.

This bill would provide, except as otherwise specified with respect to wage withholding, that certain amendments to federal income tax law, with respect to an increase in the exclusion from gross income of the combat pay of military officers, shall apply for purposes of California law on and after November 21, 1995.

This bill would also provide, for purposes of applying certain federal tax provisions to state taxes, that a qualified hazardous duty area, as defined, shall be treated in the same manner as a combat zone.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 17142.5 is added to the Revenue and Taxation Code, to read:

17142.5. (a) Except as provided in subdivision (b), the amendments to Section 112 of the Internal Revenue Code made by Section 1 of Public Law 104-117, relating to an increase in the combat pay exclusion for officers to the highest amount applicable to enlisted personnel, shall apply on and after November 21, 1995.

(b) For purposes of applying Sections 13006 and 13009 of the Unemployment Insurance Code, relating to wage withholding, the amendment to Section 112 of the Internal Revenue Code, as described in subdivision (a), shall apply to remuneration paid after March 20, 1996.

(c) (1) For purposes of the following provisions of the Internal Revenue Code, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under Section 112 of the Internal Revenue Code):

(A) Section 2 (a)(3) (relating to a special rule where a deceased spouse was in missing status).

(B) Section 112 (relating to certain combat pay of members of the Armed Forces).

(C) Section 692 (relating to income taxes of members of Armed Forces upon death).

(D) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone).

(2) “Qualified hazardous duty area” means Bosnia and Herzegovina, Croatia, or Macedonia, if, as of March 20, 1996, any member of the Armed Forces of the United States is entitled to special pay under Section 310 of Title 37 of the United States Code (relating to special pay; duty subject to hostile fire or imminent danger) for services performed in that country. “Qualified hazardous duty area” includes any country only during the period that entitlement is in effect. Solely for purposes of applying Section 7508 of the Internal Revenue Code, in the case of an individual who is performing services as part of Operation Joint Endeavor outside the United States while deployed away from the individual’s permanent duty station, the term “qualified hazardous duty area” includes, during the period for which that entitlement is in effect, any area in which those services are performed.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

